# An Analysis of E-CRM Practices In NBFCs: with Special Reference to Selected NBFCs in Mysuru

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**Abstract**

This research paper analyses E-CRM practices in Non-Banking Financial Companies (NBFCs) with a specific focus on selected NBFCs in Mysuru. Customer Relationship Management (CRM) is a strategic tool businesses use to manage customer interactions throughout the customer lifecycle, aiming to enhance relationships, boost sales, and improve retention through various tactics, techniques, and technology. E-CRM is a digitally oriented approach that leverages the internet and online resources like websites, email, and social media to improve customer service and build stronger client relationships.

NBFCs are financial institutions regulated by the RBI that offer banking services without a banking license, playing a crucial role in lending to underserved groups. In NBFCs, e-CRM utilizes online platforms and digital technology to manage client connections, focusing on building and sustaining relationships electronically. The goal of e-CRM in NBFCs is to increase operational effectiveness, personalize interactions, and improve customer service by understanding customer needs, enhancing satisfaction, automating responses, improving lead management, and individualizing financial services.

The study, conducted in Mysuru city, collected primary data from 160 beneficiaries across HDFC Financial Services, Bajaj Finance, Shriram Finance, and Muthoot Finance using a structured questionnaire. Secondary data was gathered from various published sources to provide conceptual analysis and literature review. The findings indicate that factors such as Analytics and Reporting, Integration with Business Processes, and Social Media Monitoring significantly influence E-CRM practices in NBFCs. The research concludes that improving E-CRM practices is a strategic competitive advantage for NBFCs to foster customer loyalty and satisfaction.

Keywords: E-CRM, NBFCs, Customer Relationship Management, Customer Satisfaction, Financial Services.

## 1.1 INTRODUCTION:

Businesses use customer relationship management as a strategic tool to track and evaluate their interactions with customers over the course of their customer lifecycle. In order to enhance customer connections, boost sales, and increase customer retention, a variety of tactics, techniques, and technology are used. By centralizing and managing customer data, CRM helps firms better understand their clients and offer more individualized service.

Over the past few years, the marketing environment has gone through significant changes. Business and marketing have undergone many new developments as a result of information technology. The implications of information technology for management and marketing have brought attention to how crucial it is to reorganize marketing in a way that makes use of web technology. However, a lot of businesses have shifted their focus to how businesses may keep enduring and good relationships with their clients. At the same time, how to boost client loyalty. As a result, company rules now priorities customer-focused tactics.

E-CRM systems gather information about customers from many channels and points of contact between the business and its clients through internet. These consist of the business's website, phone, live chat, direct mail, promotional materials, and social media accounts. CRM systems can also provide customer-facing employees with comprehensive information about clients' personal details, past purchases, preferences, and issues.

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NBFC is a financial institution that provides a range of banking services without a banking license. These companies are governed by the Reserve Bank of India (RBI) and registered in India under the Companies Act, 2013 (or 1956). Examples of NBFCs in India; Bajaj Finance Ltd, Mahindra & Mahindra Financial Services, Muthoot Finance, LIC Housing Finance etc.

Since NBFCs are customer-driven, E-CRM assists them in; Gain a deeper understanding of consumer needs, increase client satisfaction and service, automate responses and conversations with customers, improve conversion rates and lead management, Individualize financial services and goods.

## 1.2 REVIEW OF LITERATURE

A literature review is a comprehensive summary of previous research on the topic. The Literature review surveys scholarly articles, books, official websites and other sources relevant to a particular area of research. The review should enumerate, described, summarized evaluate and clarify this previous research.

1. **Suman Kumar Dawan, et. al., (2010)[1]** conducted research on E-CRM: A Critical Analysis by Developing an Effective Model. This paper focuses on developing a comprehensive model for E-CRM in modern businesses. It is a descriptive study based on secondary data. It also analyzes the

growth and development of E-CRM of India Vs its Global Scenario. It also depicts an effective model of E-CRM for the organization.

2. **Rashid Farooqi et. al., (2011)[2]** investigated on A comparative study of CRM and e-CRM technologies. It is a comparative study of CRM and e-CRM. This paper highlights the technological differences between CRM and e-CRM. The author concludes that CRM implementation is costing and time consuming on the other hand e-CRM is very fast with less operational cost.

3. **Babita Chopra et, al. (2012)[3]** stated in his article entitled E -CRM – A NEW PARADIGM FOR MANAGING CUSTOMERS. This paper studies the various concepts, needs, processes of managing the customer interactions over the internet. It explains the process of journey from CRM to E-CRM. It is descriptive study. This paper also explores various techniques and benefits of E-CRM. It concludes that the success of e-CRM will depend upon the development of robust & flexible infrastructure, e-commerce capabilities, and reduction of costs through higher productivity, lower complexity and automation of administrative functions.

4. **Manish Dhingra et. al., (2013)[4]** conducted a survey on Determinants of Electronic customer relationship management (e-CRM) for customer satisfaction in banking sector in India. The purpose of this study is to gain a better understanding of the advantages e-CRM to customers and organization in banking sector. This research work involves an empirical examination of a definite event within the context of the real world. The findings of the study indicates that with the implementation of e-CRM and the latest technologies bank have ensured full security for the transactions of their customer's and also e- CRM facilitates the organizations to provide one to one service and also maintain the transaction security of the customers.

5. **Rahul Navanath Manjare et, al. [5]** in their article A review paper on future of online retailing and e-CRM in Indian context. This study explores online retail in India and also analyses e-commerce classifications in India. It also explains evolution of e-retailing in India and factors contributing to its growth and future. E-CRM main objective is to enhance customer satisfaction which in long run results into trust and commitment and ultimately to customer loyalty.

6. **Sarita Maxwell et, al. (2018)[6]** has studied on Electronic Customer Relationship Management (E-CRM): A Study of Its Role, Influence & Benefits to E-Commerce. This paper focuses on E-CRM's role in E-Commerce, its impact and various benefits that it gives to E-commerce. This is a qualitative study based on secondary data. The objective of this study is to analyses the impact of CRM over e-commerce. It also highlights the benefits that CRM gives to e-commerce.

7. **Saurabh Singh et, al. (2018)[7]** conducted research on E-CRM & Customer Satisfaction An overview of Banking Sector. The study is essentially conducted upon the secondary data collected from various researches and studies. The study is conducted to provide an over view e-CRM and customer satisfaction in special reference to the banking sector. In banking sector E-CRM is the key to safeguard the customer loyalty and improved customer satisfaction.

8. **Pushpender Kumar et al. (2020)[8]** has done research on A Study on Relationship between Electronic Customer Relationship Management (E-CRM) and Customer Loyalty in the Banking Industry. The paper investigates the impact of E-CRM on customer loyalty in the banking industry. The data is collected using a questionnaire from the 300 customers of Delhi/NCR who are using E-CRM services. The data is analyzed using independent t-test and multiple regression analysis. The results reveal that E-CRM have a significant positive relationship with customer loyalty. These empirical results of the study will have academic and managerial implications as they will contribute

to the existing knowledge base and help E-CRM managers in the decision-making process. Improving E-CRM practices will thus turn out to be a strategic competitive strategy for banks to establish interactions with their customers.

9. **Pushpender Kumar et al. (2022)**[9] have analyzed on electronic customer relationship management (E-CRM), customer experience and customer satisfaction: evidence from the banking industry. The purpose of this paper was to examine the relationship between electronic customer relationship management (E-CRM) and customer satisfaction through the mediating role of customer experience in the banking industry. The data were collected from customers of 10 banks (5 public and 5 private sector banks) of Delhi, India. In total, 836 useable structured questionnaires were filled, and the data were analyzed using structural equation modeling (SEM) through AMOS. The results revealed that customer experience mediated the relationship between E-CRM and customer satisfaction confirming well with the hypothesized model.

## 1.3 RESEARCH GAP

From the extensive literature review of the studies on E-CRM in in various NBFCs in different geographical research area revealed that the majority of the research conducted on CRM in different sectors in different state or cities. But very few studies conducted on E-CRM in different non-banking services in the same city. It is necessary to carry out an in-depth inquiry into E-CRM in NBFCs in Karnataka state to understand the factors influencing E-CRM practices in NBFCs. Hence, the study has been taken up to fill the research gap of untouched area of E-CRM in NBFCs. This study aims to analyze the factors influencing E-CRM practices in NBFCs in Mysuru city.

## 1.4 OBJECTIVES OF THE STUDY

1. To know how E-CRM system contributes towards better customer relationship management in NBFCs.
2. To analyze the factors influencing E-CRM practices in NBFCs.
3. To recommend strategies to improve the implementation and use of E-CRM in NBFCs.

## 1.5 SCOPE OF THE STUDY

The study was conducted in Mysuru City. The questionnaire was issued and date collected only from the beneficiaries of HDFC Financial Services, Bajaj Finance, Shriram Finance and Muthoot Finance in Mysuru city.

## 1.6 RESEARCH METHODOLOGY

### Sources of data

➤ **Primary Data:** Primary data will have been collected by administering the structured questionnaire. Consisting of close ended multiple-choice questions.
➤ **Secondary Data:** The secondary data will have been collected to highlight the conceptual analyses and review of literature. The required data have been collected from various published sources such as magazines, research articles, journals, textbooks and other websites.

**Sample Design**

- ❖ **Population Area:** Mysuru city
- ❖ **Sampling Unit:** HDFC Financial Services, Bajaj Finance, Shriram Finance and Muthoot Finance.
- ❖ **Sampling Size:** 160 (40 beneficiaries from each NBFC)
- ❖ **Sampling technique:** Convenience Sampling Technique

## 1.7 DATA ANALYSIS AND INTERPRETATION

### Table 1 Factors influencing CRM Practices in Non-Banking Companies

| Factors | Mean | Std. Deviation | Mean Rank |
|---|---|---|---|
| Data Collection and Analysis | 3.19 | 1.019 | 5.43 |
| Multi-channel Communication | 3.41 | 1.255 | 6.00 |
| Customer Support | 3.39 | 1.258 | 5.95 |
| Feedback Collection | 3.31 | 1.168 | 5.58 |
| Sales Funnel Management | 2.78 | 1.091 | 4.54 |
| Integration with Business Processes | 2.08 | 1.328 | 6.23 |
| Training and Development | 3.14 | 1.154 | 4.88 |
| Compliance and Data Security | 3.60 | 1.352 | 5.35 |
| Social Media Monitoring | 3.48 | 1.100 | 6.05 |
| Analytics and Reporting | 3.24 | 1.215 | 6.52 |

Source: Authors Compilation

The result shows that the respondents ranked first factor as Analytics and Reporting (6.52), followed by Integration with Business Processes (6.23) as second and Social Media Monitoring (6.00) was ranked third. Effective CRM practices in non-banking companies can lead to increased customer loyalty, higher customer lifetime value, and a stronger competitive position in the market. It's about building and nurturing long-lasting relationships with customers to drive sustainable growth and success. In India, non-bank financial institutions (NBFCs) offer a wide range of financial services and are crucial in funding the unorganized sector as well as small, regional borrowers.

They can make decisions more quickly, take on greater risk, and more precisely tailor their services and costs to the needs of their clients than many regular commercial banks can. It may be seen as a blend of a few large, nationally operating organizations and a sizable number of small businesses that constitute the Indian NBFC industry's private sector, with a focus on medium-sized businesses in the

area. These NBFCs provide services to specialized markets, such as fund-based and fee-based firms, as well as the retail and non-retail sectors. The financial industry has seen a tremendous deal of instability and change during the last ten years. Over that period, prudential standards and the ongoing monitoring system have undergone significant advances to effective regulations, which have strengthened the industry overall. NBFCs that priorities client satisfaction, efficiency, and high credibility are poised to take the lead in the NBFC market.

**TESTING OF HYPOTHESES:**

**H0: There is no significant difference between the influence of factors on E-CRM Practices in NBFCs.**

**H1: There is a significant difference between the influence of factors on E-CRM Practices in NBFCs.**

**Table 2: Friedman Test**

| N | 160 |
|---|---|
| Chi-Square | 79.258 |
| Df | 9 |
| Sig. | 0.000 |

Source: Authors Compilation

The Friedman test is a non-parametric statistical test used to compare three or more related groups, often used when data doesn't meet the assumptions of the parametric repeated measures ANOVA. It's essentially a nonparametric version of ANOVA for repeated measures.

According to the Friedman ranking, the Chi-Square value (79.258) obtained for a degree of freedom of 9 is statistically significant at a 1% level of significance ($p < 0.001$). Hence null hypothesis is accepted therefore **There is no significant difference between the influence of factors on E-CRM Practices in NBFCs.** Data Collection and Analysis, Multi-channel Communication, Customer Support, Feedback Collection, Sales Funnel Management, Integration with Business Processes, Training and Development, Compliance and Data Security, Social Media Monitoring, Analytics and Reporting each factor is having significant impact to influence the E-CRM Practices of the NBFCs.

## 1.8 SUGGESTIONS

Customer Relationship Management (CRM) practices are not limited to the banking industry; they are essential in various non-banking companies as well. Here are some key CRM practices applicable to

non-banking companies:

1. **Data Collection and Analysis:** Collect and centralize customer data from various touch points, such as websites, social media, emails, and in-store interactions. Analyze customer data to gain insights into their preferences, behaviors, and needs.

2. **Segmentation:** Divide your customer base into different segments based on demographics, buying behavior, or other relevant criteria. Tailor your marketing and communication strategies to each segment.

3. **Personalization:** Use the customer data and segmentation to create personalized marketing campaigns, product recommendations, and communication. Personalized experiences make customers feel valued and understood.

4. **Multi- channel Communication:** Engage with customers through various channels, such as email, social media, chat, phone, and in-person. Ensure a consistent and coherent message across all channels.

5. **Customer Support:** Provide efficient and effective customer support, resolving issues and addressing inquiries promptly. Use CRM software to track and manage customer interactions and support tickets.

6. **Automation:** Automate routine and repetitive tasks, such as sending out confirmation emails, appointment reminders, or follow-up communications. This saves time and ensures consistency.

7. **Loyalty Programs:** Implement loyalty programs to reward and retain valuable customers. Use CRM data to identify and target high-value customers for special promotions and incentives.

8. **Sales Funnel Management:** Track leads and prospects through the sales funnel. Use CRM to manage and nurture leads, providing relevant information and incentives to move them towards a purchase.

9. **Analytics and Reporting:** Continuously measure the effectiveness of your CRM efforts. Use analytics to make data-driven decisions and adjust your strategies as needed.

10. **Training and Development:** Invest in training and development for your employees to ensure they understand and utilize CRM tools effectively. Well-trained staff can provide better customer experiences.

11. **Compliance and Data Security:** Ensure that customer data is handled securely and in compliance with data protection regulations (e.g., GDPR). Build trust with customers by respecting their privacy.

12. **Integration with Business Processes:** Integrate CRM systems with other business processes, such as inventory management, order processing, and supply chain, to provide a seamless experience.

13. **Social Media Monitoring:** Keep an eye on social media for customer mentions and feedback. Respond promptly to both positive and negative comments to show your commitment to customer satisfaction.

14. **Continuous Improvement:** Regularly assess your CRM practices and make improvements as necessary. The business environment and customer preferences can change over time, so adapt accordingly.

## 1.9 CONLCUSION

Data collection and management, segmentation, personalisation, multi-channel engagement, feedback gathering, outstanding customer service, cross-selling and upselling, loyalty programs, employee training, data analytics, continuous improvement, and compliance are all components of a well-organised and all-encompassing strategy that constitutes a systematic approach to CRM practices in non-banking organisations. This strategy seeks to increase client loyalty, create enduring relationships with customers, and propel business expansion and success. NBFCs are significant financial institutions that aim to establish the fundamental framework of the Indian financial system. Despite the remarkable return on investments made by NBFCs, consumers in India have less faith in them than in the banking sector. NBFCs are presently required to reduce costs and, via increasingly customized management, build a focused marketing emphasis for certain client categories.

Last but not least, the concept of financial stability for the general populace is extremely important, and the government has an obligation to offer both domestic and foreign investors support. In contrast to other countries with far more sophisticated financial specialised protection safeguards, the government's actions are unquestionably archaic.

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